

### **REMARKS**

Applicant respectfully submits that the pending application is believed to be in condition for allowance.

#### **I. Rejection Under 35 U.S.C. § 112**

Claims 1-37 stand rejected under 35 U.S.C. § 112, second paragraph, as allegedly indefinite. Specifically, the Examiner alleges that the “wherein” clauses are optionally recited and thus, fail to limit the scope of the claims. *See* Office Action at pg. 2.

M.P.E.P. § 2111.04 provides that the transitional phrase “wherein” *may* raise a *question* as to the limiting effect of claim language. § 2111.04 further provides that the determination whether a wherein clause is a limitation in a claim depends on the specific facts of the case, and provides that a condition *material to patentability* cannot be ignored. Applicant respectfully submits that the Examiner’s assertion that a “wherein” clause is *per se* optionally recited and therefore indefinite, is contrary to the plain language of the M.P.E.P. § 2111.04. Further, as stated in the amendment filed March 26, 2007, the “wherein” clauses clarify claim language, and do not recite an intended use of the invention.

Applicant respectfully submits that claims 1-37 are in compliance with 35 U.S.C. § 112, second paragraph, and respectfully requests that the Examiner withdraw the rejection of these claims.

#### **II. Rejection Under 35 U.S.C. § 102(b)**

Claims 1-3, 5-14, 16-19, 21-23 and 27-37 stand rejected under 35 U.S.C. § 102(b) as allegedly anticipated by Himmelstein (U.S. Patent No. 7,080,050). Applicant respectfully traverses the rejection.

A non-limiting exemplary embodiment of the present invention is discussed in the following remarks to aid the Examiner’s understanding. The present invention relates to a management tool for “like-kind exchanges”. A “Like-Kind exchange” is an exchange of qualifying assets (and the basis of the assets), where the exchange does not trigger the

recognition of gain in an exchanged asset (i.e., not an income recognition triggering event).

Currently, such exchanges are governed by the Internal Revenue Code.

According to an Exemplary embodiment of the present invention, assume a business owner operates a fleet of cars which periodically are replaced for new cars. As illustrated in Fig. 2, a Like-Kind Exchange Manager 100, maintains and administers a relinquished car database 116 (old, replaced cars) and an acquired car database 107 (new, replacement cars). A matching engine 109 accesses both databases, and determines combinations of relinquished cars and acquired cars that can achieve the tax benefits of a Like-Kind Exchange.

Turning to the express limitations of the claims, claim 1 recites, in part:

- a database containing information related to sets of assets wherein the sets of assets comprise relinquished assets and acquired assets;

- each of said sets of assets including at least one asset apiece;

- a processing engine coupled to said database and being operable to identify a first set of assets eligible for a like kind exchange based on said information;

- said processing engine being further operable to identify a second set of assets eligible for combination with said first set of assets to produce a like kind exchange combination wherein the first set of assets comprises relinquished assets and the second set of assets comprises acquired assets; and

- a set of parameters specifying criteria for use by said processing engine to produce particular like kind exchange combinations;

- wherein the like kind exchange combinations provide a transfer of a tax basis associated with the relinquished assets to the acquired assets.

Applicant respectfully submits that Himmelstein does not disclose the above recited features of claim 1.

Himmelstein relates to an electronic bartering system where a barterer creates a barter order that is posted and/or matched against a website database of other posted barter orders. *See*,

*e.g.*, Himmelstein, col. 2, lines 50-53. To implement a barter, the barterer selects a posted order from a display of matching barter orders. *See, e.g.*, Himmelstein, col. 2, lines 53-55. The flexibility in timing utilizing the system of Himmelstein facilitates the ability to defer adverse tax consequences and to defer the creation of taxable events. *See, e.g.*, Himmelstein, col. 2, lines 62-64. Accordingly, the system of Himmelstein enables the actual owner to defer a taxable event by not going into settlement and thereby not taking title. *See, e.g.*, Himmelstein, col. 3, lines 49-59. The system of Himmelstein uses web barter dollars to track an "I owe you" ("IOU") to individuals giving up a security but not simultaneously receiving a security back. *See, e.g.*, Himmelstein, col. 3, lines 64-67. The system of Himmelstein uses web barter dollars to supplement or balance a barter in lieu of other currencies. *See, e.g.*, Himmelstein, col. 3, line 67 - col. 4, line 2.

First, Applicant respectfully submits that based on the above explanation, Himmelstein, is not related to Like-Kind Exchanges. Himmelstein merely relates to a bartering system. Although Himmelstein discloses some gain recognition deferring benefits of its system, such tax benefits are not achieved by means of a Like-Kind Exchange.

Applicant respectfully submits that Himmelstein does not disclose "a database containing information related to sets of assets wherein the sets of assets comprise relinquished assets and acquired assets", as recited in claim 1. Himmelstein discloses that posted barter orders are matched with other posted barter orders. *See* Himmelstein, col. 2, lines 51-55. A barter may create a barter order that includes the item to be traded, the item desired and other related parameters. A posted barter order database module 117 stores the created barter order, and a barter matching engine 118 matches the created barter order to other posted barter orders. *See* Himmelstein, col. 5, lines 25-36. The database 117 does not store "relinquished assets and acquired assets", as recited in claim 1, but rather stores posted barter orders.

Applicant respectfully further submits that Himmelstein does not disclose "a processing engine coupled to said database and being operable to identify a first set of assets eligible for a like kind exchange based on said information; said processing engine being further operable to identify a second set of assets eligible for combination with said first set of assets to produce a

like kind exchange combination wherein the first set of assets comprises relinquished assets and the second set of assets comprises acquired assets”, as recited in claim 1.

The Examiner asserts that the matching engine 118 of Himmelstein corresponds to the “processing engine” recited in claim 1. On the contrary, Applicant respectfully submits that the matching engine 118 matches a barterer’s orders with posted barter orders, and displays the matched posted barter orders for selection by the barter. *See* Himmelstein, col. 6, lines 60-65. The matching engine 118 effectively acts as a filter, and filters posted barter orders so that only those posted barter orders which satisfy the barterer’s conditions are displayed. *See* Himmelstein, col. 6, line 65 – col. 7, line 15. Accordingly, Applicant respectfully submits that Himmelstein does not disclose a processing agent operable to “identify a first set of assets eligible for a like kind exchange” and “identify a second set of assets eligible for combination with said first set of assets to produce a like kind exchange combination”, as recited in claim 1.

Finally, since Himmelstein does not relate to Like-Kind Exchanges or even discuss the basis (or transfer thereof) of assets, Himmelstein does not disclose “wherein the like kind exchange combinations provide a transfer of a tax basis associated with the relinquished assets to the acquired assets”, as recited in claim 1.

Applicant respectfully submits that claim 1 is not anticipated under 35 U.S.C. § 102(b) by Himmelstein, because the reference does not disclose all of the features of the claim. Accordingly, Applicant respectfully requests that the Examiner withdraw the rejection of claim 1, and claim 8 *at least* by virtue of its dependency from claim 1.

*Claims 2, 3, 5-7, 9-14, 16-19, 21-23 and 27-37*

For the reasons stated above, Applicant respectfully submits that independent claims 2, 3, 16, 31, 32, 33, 35 and 37 are not anticipated by Himmelstein under 35 U.S.C. § 102(b), because the reference does not disclose all of the features and limitations of the claim. Accordingly, Applicant respectfully requests that the Examiner withdraw the rejection of claims 2, 3, 16, 31, 32, 33, 35 and 37, and claims 5-14, 16-19, 21-23, 27-30, 34 and 36 *at least* by virtue of their respective dependencies.

### **III. Rejections Under 35 U.S.C. § 103(a)**

Claims 4, 15, 24 and 26 stand rejected under 35 U.S.C. § 103(a) as allegedly unpatentable over Himmelstein. Applicant respectfully traverses the rejection.

Applicant respectfully submits that claims 4, 15, 24 and 26 are patentable *at least* by virtue of their dependencies from claims 1 and 16, respectively.

Furthermore, Applicant respectfully submits that the Examiner assertion, without any technical reasoning, that it would have been obvious to modify Himmelstein to incorporate parameters including “time setting, a comparison tolerance setting, an override setting and an asset setting”, does not satisfy the Examiner’s burden when setting forth a *prima facie* case of obviousness. As provided in M.P.E.P. § 2142, to establish a *prima facie* case of obviousness, the Examiner must provide a reason, grounded in fact, to modify Himmelstein to incorporate a “time setting, a comparison tolerance setting, an override setting and an asset setting”. Here, the Examiner appears to rely on the disclosure of “criteria” in Himmelstein as reason enough to modify the reference to include the claimed parameters. Applicant respectfully submits, however, that the Examiner provides no technical reasoning *why* one of ordinary skill in the art would have been motivated to modify Himmelstein to use those particular parameters. *See KSR v. Teleflex*, 550 U.S. \_\_\_, 127 S. Ct. 1727 (2007).

Applicant respectfully submits that claims 4, 15, 24 and 26 would not have been obvious under 35 U.S.C. § 103(a), because Himmelstein does not teach or fairly suggest all of the features and limitations of claims 1 and 16, from which claims 4, 15, 24 and 26 depend, respectively. Furthermore, with regard to claim 15, 24 and 26, Applicant respectfully submits that the Examiner has failed to establish a *prima facie* case of obviousness. Accordingly, Applicant respectfully requests that the Examiner withdraw the rejection of claims 4, 15, 24 and 26.

Amendment dated **DRAFT**

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